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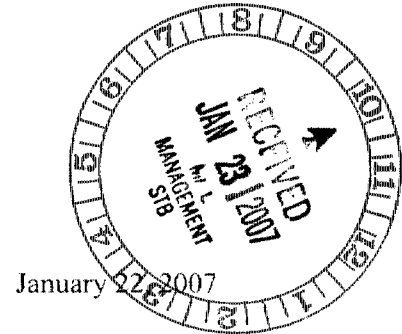
Shane D. Schlichter  
Direct Dial 412 394 7706  
Email: ssdlichter@thorpreed.com

**SURFACE TRANSPORTATION BOARD**

ATTORNEYS AT LAW SINCE 1895

**VIA FEDERAL EXPRESS**

The Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925 K Street, NW, Room 704  
Washington, DC 20006  
Attn: Recordations Unit



Re: Security Agreement between National City Bank and Allegheny Valley Railroad Company.

Dear Secretary Williams:

Enclosed please find one (1) original and three (3) copies of the Security Agreement by and between National City Bank and Allegheny Valley Railroad Company, to be recorded pursuant to Section 11301 of Title 49 of the U.S. Code.

The Primary Document filed herewith is:

Security Agreement, effective January 4, 2007 by and between National City Bank and Allegheny Valley Railroad Company, granting a security interest in those locomotives described therein, and as set forth on Exhibit "A" to said Security Agreement.

The names and addresses of the parties to the Primary Document are as follows:

Secured Party:

National City Bank  
20 Stanwix Street  
Pittsburgh, Pennsylvania 15222

Debtor:

Allegheny Valley Railroad Company  
P.O. Box 127  
760 Allegheny River Boulevard  
Verona, Pennsylvania 15147

*Pittsburgh*

*Philadelphia*

*Princeton*

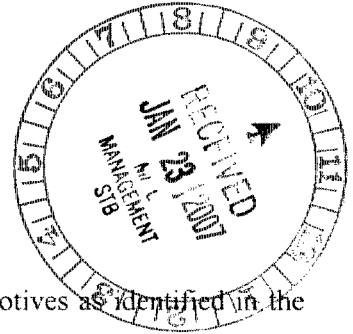
*Wheeling*

Thorp Reed & Armstrong, LLP  
One Oxford Centre  
301 Grant Street, 14th Floor  
Pittsburgh, PA 15219-1425  
412 394 7711  
412 394 2555 Fax



The Honorable Vernon A. Williams  
Page 2

January 22, 2007



Summary for the Index: The Primary Document is:

A Security Agreement evidencing a security interest in locomotives as identified in the attached Exhibit "A".

Finally, please find enclosed a check made payable to the "Secretary, Surface Transportation Board", in the amount of Thirty-Four and 00/100 Dollars (\$34.00), for the filing fee.

Thank you for your time and cooperation, and should you have any questions, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in cursive script, reading "Shane D. Schlichter".

Shane D. Schlichter

SDS/ss  
Enclosures  
cc: Sean M. Girdwood (w/o enclosures)

JAN 23 '07

1-17 PM

## SECURITY AGREEMENT

SURFACE TRANSPORTATION BOARD

This Security Agreement (together with all amendments, supplements and other modifications, this "**Agreement**") executed as of this 4th day of January, 2007, by **ALLEGHENY VALLEY RAILROAD COMPANY, a Pennsylvania corporation** (together with its permitted successors and assigns, heirs and personal representatives, "**Grantor**") whose mailing address is P.O. Box 127, 760 Allegheny River Boulevard, Verona, Pennsylvania 15147 to **NATIONAL CITY BANK, a national banking association ("Bank")**, having a banking office at 20 Stanwix Street, Pittsburgh, Pennsylvania 15222, Attention: Corporate Banking, Locator No. 46-18-101.

**1. Grant of Interest.** Grantor hereby grants to Bank a security interest in all of Grantor's right, title and interest in the following property of Grantor wherever located and whether now existing or hereafter acquired or created (collectively, the "**Collateral**"), including, without limitation:

(a) those certain locomotives listed on the attached Exhibit "A", whether any of the foregoing is owned now or acquired later; all accessions, additions, replacements, and substitutions relating to any of the foregoing; all books and records of any kind relating to any of the foregoing; all proceeds relating to any of the foregoing (including insurance, general intangibles, and other accounts proceeds), and for all of the foregoing Collateral, all Software, attachments, accessories, replacements, additions and substitutions therefor, whether now or hereafter installed therein or affixed thereto.

(b) It is hereby expressly agreed and understood that the Collateral constitutes collateral security for the Subject Debt, and that such liens and security interests will be duly perfected liens against the Collateral. It is hereby further expressly agreed and understood that upon the occurrence of an Event of Default, as provided in this Agreement or the exercise by the Bank of its rights under any Related Writing or any other instrument or agreement by and between the Bank and the Grantor, the Bank may apply any and all proceeds realized therefrom to the repayment of the Subject Debt in such manner and in such amounts as the Bank determines in its sole discretion.

This Collateral secures the full and prompt payment to Bank of all obligations of Grantor to Bank, whether incurred directly or acquired by purchase, pledge, or otherwise and whether participated in whole or in part, including, without limitation, (i) every such obligation to Bank whether in a joint, several, or joint and several capacity, whether now owing or existing or later arising or created, owed absolutely or contingently, created by loan, overdraft, guaranty, or other contract, quasi-contract, tort, statute or otherwise, whether for principal, interest, fees, expenses or otherwise and (ii) any and all obligations of Grantor to Bank or to any affiliate of Bank, whether now owing or existing or later arising or created, owed absolutely or contingently, whether evidenced or acquired (including all renewals, extensions, and modifications thereof or substitutions), under any agreement, device or arrangement designed to protect Grantor from fluctuations of interest rates, exchange rates or forward

rates, including, but not limited to, dollar-denominated or cross-currency exchange agreements, foreign currency exchange agreements, interest rate caps, collars or floors, forward rate currency or interest rate options, puts, warrants, swaps, swaptions, U.S. Treasury locks and U.S. Treasury options, (collectively the "**Subject Debt**").

**2. Representations and Warranties.** Grantor represents and warrants to Bank as follows:

(a) **Existence.** Grantor's legal name is exactly as set forth in the first paragraph of this Agreement. Grantor is a corporation organized and in good standing under Pennsylvania law. Grantor's state organizational or registration identification number, if any, is 2655306.

(b) **Location.** Grantor's chief executive office is located at 760 Allegheny River Boulevard, Verona, Pennsylvania 15147. All Goods in which Grantor has any rights are, and for the past five (5) years have been, kept at Grantor's chief executive office and at the locations, if any, set forth on Schedule A hereto.

(c) **Ownership.** Grantor owns all of the presently existing Collateral, free and clear of any and all adverse claims, assignments, attachments, leases, mortgages, security interests or other liens of any kind or nature ("**Encumbrances**") except those in favor of Bank and those consented to in writing by Bank (collectively, the "**Permitted Encumbrances**"). Each Encumbrance granted hereby, when duly and properly perfected, will be a first priority security interest in the Collateral, prior to all Encumbrances except for Permitted Encumbrances and will secure the payment of the Subject Debt. There exists no default under any Collateral consisting of Instruments or contracts by any party thereto.

(d) **Authority; No Consent.** Grantor has all right, power and authority to enter into and deliver this Agreement and grant to Bank the Encumbrances on the Collateral. This Agreement is a valid obligation of Grantor, enforceable in accordance with its terms. No consent, authorization, approval or other action of any third party is required for the grant by Grantor of the Encumbrances hereunder.

**3. Covenants.**

(a) **No Transfer or Encumbrance.** Grantor agrees that it will not, without in each case obtaining Bank's prior written consent, (i) sell, lease, transfer or otherwise dispose of all or any part of the Collateral or license any of the Collateral except as otherwise permitted herein, or (ii) grant any Encumbrances in or permit any Collateral to be or become subject to any Encumbrance except for Permitted Encumbrances. Grantor shall comply with all applicable laws, rules and regulations related to the Collateral. Grantor agrees to join Bank to take all steps necessary to preserve, protect and defend Bank's security interest in the Collateral, at Grantor's expense, as Bank may from time to time require.

(b) **Insurance.** Grantor will keep the Collateral insured with such insurers, in such amounts and against all risks to which they may be exposed, as each shall be reasonably

acceptable to Bank, which policies shall name Bank as an additional insured and shall contain satisfactory loss payable clauses in favor of Bank and contain insurer's agreement that any loss thereunder shall be payable to Bank notwithstanding any action, inaction, or breach of representation or warranty by Grantor. Annually and upon Bank's request, Grantor will deliver to Bank certificates evidencing such policies and, upon request, include copies of such policies. Grantor hereby assigns to Bank any returned or unearned premium due upon cancellation of any such insurance and directs any insurer to pay to Bank all amounts so due. Each policy for liability insurance shall provide for all losses to be paid on behalf of Grantor and Bank as their interests may appear and each policy for property damage shall provide for losses to be paid to Bank. All amounts received by Bank in payment of insurance losses or returned or unearned premiums may, at Bank's option, be applied either to the Subject Debt (with such allocation as to item and maturity as Bank may deem advisable) or to the repair, replacement or restoration of the Collateral or either thereof.

(c) **Inspection.** Grantor will at all times keep accurate and complete records of the Collateral. Bank and its agents shall have the right at all reasonable times to examine and inspect the Collateral and to make extracts from the books and records related to the Collateral, and to examine, appraise and protect the Collateral.

(d) **Preservation of Collateral; Risk of Loss.** The Collateral shall remain personal property at all times and shall not be affixed. Grantor will maintain the Collateral in good condition and repair, ordinary wear and tear excepted. Grantor will pay promptly all taxes, levies and all costs of repair, maintenance and preservation. Grantor bears the risk of loss of the Collateral.

(e) **Merger; Consolidation.** Grantor will preserve its existence and will not, in one transaction or in a series of related transactions, merge into or consolidate with any other entity.

(f) **Notice.** Grantor agrees to give Bank:

(i) not less than thirty (30) days' prior written notice of any change in Grantor's name, in the location of its chief executive office, or any other information provided under subsection 2(a) or of any other change in circumstances which affects or may affect the continuing efficacy of any financing statement filed by Grantor and Bank, or the continuing status of Bank's security interest as the first and prior lien on the Collateral,

(ii) immediate written notice if any third party claims any Encumbrance on any of the Collateral or claims that Grantor's use thereof infringes or unlawfully conflicts with any rights of such party, and

(iii) from time to time, upon Bank's request, statements and schedules further identifying and describing the Collateral, in form and substance satisfactory to Bank.

(g) **Further Assurances.** Grantor agrees to execute and deliver from time to time upon request of Bank such other instruments of assignment, conveyance and transfer and take such other action as Bank may reasonably request for the purpose of perfecting, continuing, amending, protecting or further evidencing the arrangements contemplated hereby or to enable Bank to exercise and enforce its rights and remedies hereunder. Grantor will, at Grantor's expense, upon each request of Bank (i) file and hereby authorizes Bank to file, from time to time, financing statements or other Records in such public offices as Bank may require, together with continuation statements thereof and amendments thereto, containing, among other things, (A) a description of the Collateral as Bank may require, whether expanded or reduced, (B) an indication of any statutory or other liens held by Bank, and (C) Grantor's federal taxpayer identification number, and/or state organizational number, if any, and any other identifying information as Bank may require, (ii) where the Collateral is in the possession of a third party, join with Bank in notifying the third party of Bank's security interest and obtaining an acknowledgement from the third party that it is holding the Collateral for the benefit of Bank, and (iii) comply with every other requirement deemed necessary by Bank for the perfection of its security interest in the Collateral. Without diminishing or impairing any of Grantor's obligations hereunder, a photographic, electronic or other reproduction of this Agreement shall be sufficient as a financing statement.

**4. Provisions Applicable to Motor Vehicles.** If any part of the Collateral shall be a vehicle for which a certificate of title may or must be issued, Grantor shall deliver to Bank (together with any other documentation requested by Bank), promptly after such certificate of title is issued to Grantor, the certificate of title together with such other documentation requested by Bank appropriately executed by Grantor so that Bank may cause its Encumbrance to be noted on the certificate of title by the appropriate authorities.

**5. Additional Authorizations.** Bank is hereby appointed Grantor's attorney-in-fact to make adjustments of all insurance losses, to sign all applications, receipts, releases and other papers necessary for the collection of any such loss and any return or unearned premium, to execute proofs of loss, to make settlements, to endorse and collect any check or other item payable to Grantor issued in connection therewith, and to apply the same to the Subject Debt.

**6. Remedies.** If any Event of Default occurs or after demand is made by Bank, Bank has the right, at its option at any time and from time to time, without notice to Grantor to exercise the following rights and remedies which may be exercised simultaneously:

(a) Bank shall have full power and right to exercise any and all rights and remedies available at law (including, without limitation, those afforded by the UCC) or in equity to collect, enforce or satisfy any of the Subject Debt and exercise any or all of the rights and remedies in respect of the Collateral, including, without limitation, those provided herein or in any Related Writing.

(b) Bank may enter any premises where the Collateral is located, and take possession of the Collateral or remove the Collateral from such premises. On Bank's

demand, Grantor will assemble and make the Collateral available to Bank at such place or places as Bank may reasonably require, all at Grantor's expense.

(c) Bank may attach, execute or levy on any of the Collateral.

(d) Bank may endorse in Grantor's name any checks, drafts, orders, notes or other instruments payable to Grantor which Grantor or Bank may receive in connection with the Collateral. Bank shall also have the right to settle, adjust and compromise all present and future claims arising out of the Collateral.

(e) Bank may retain, take control of or manage all or any Collateral.

(f) Bank may do all acts and things necessary, in Bank's sole discretion, to fulfill Grantor's obligations under any Related Writing or any other document or instrument executed by Grantor in favor of the Bank.

(g) Bank shall have the right to sell, transfer or otherwise dispose of all or any of the Collateral at any time, or from time to time. Bank shall give Grantor commercially reasonable prior notice of either the date after which any intended private sale is to be made or the time and place of any intended public sale, *provided* that Bank need give no such notice in the case of Collateral which Bank determines to be declining speedily in value or which is customarily sold on a recognized market. Grantor waives advertisement of any such sale and (except only to the extent notice is specifically required by the next preceding sentence) waives notice of any kind in respect of such sale. Bank shall have the right to conduct such sales on Grantor's premises, without charge therefor, and such sales may be adjourned from time to time in accordance with applicable law without further requirement of notice to Grantor. At any public sale Bank may purchase the Collateral or any part thereof free from any right of redemption, which right Grantor hereby waives. After deducting all expenses and attorneys' fees incurred in assembling, taking, repairing, storing and selling and delivering the Collateral or any part thereof, Bank may apply the net proceeds of the sale to the Subject Debt with such allocation as to item and maturity as Bank in its sole discretion deems advisable, and shall refund the surplus, if any, to Grantor, who shall be liable for any deficiency. Bank may sell or otherwise dispose of the Collateral without giving any warranties as to the Collateral and may specifically disclaim any warranties of title or the like, any or all of which will not be considered adversely to affect the commercial reasonableness of any sale or other disposition of the Collateral. Grantor permits Bank to disclaim all representations and warranties provided under the UCC in any foreclosure sale contracts.

**7. Indemnity; Fees and Expenses.** Grantor agrees to indemnify Bank from and against any and all claims, losses, and liabilities, except claims, losses, or liabilities resulting from Bank's gross negligence or willful misconduct. Grantor will reimburse Bank, on demand, for any and all fees, costs, and expenses (including, without limitation, reasonable attorneys' fees) incurred by Bank in (a) administration of this Agreement, (b) custody, preservation, sale, use, collection or realization of the Collateral, (c) protection or enforcement of its rights

in the Collateral or under this Agreement or (d) failure of Grantor to perform or observe any provisions hereof.

**8. Bank May Perform.** If Grantor fails to perform any agreement contained herein, or under any other agreement or instrument executed by the Grantor in favor of the Bank, Bank may itself perform (but is not required to perform) or cause performance of, such agreement, and the expenses of Bank incurred in connection therewith shall be payable by Grantor upon Bank's demand. If Grantor does not reimburse Bank, such amounts paid will become part of the Subject Debt and will be secured hereunder. The powers conferred on Bank hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers.

**9. Notices.** Each notice to Grantor shall be in writing and shall be deemed to have been given or made when sent to Grantor, by certified mail, return receipt requested, or nationally recognized overnight courier service to the address of Grantor set forth herein or at such other address as Grantor may furnish to Bank from time to time. Every notice to Bank shall be effective when delivered to Bank at its banking office or at such other address as Bank may furnish to Grantor. Grantor assumes all risks arising out of or in connection with each notice given hereunder.

**10. Definitions.** As used in this Agreement, the following terms shall have the following meanings: (a) "**Event of Default**" means any event of default as defined and occurring under any Related Writing; (b) "**Record**" means information that is inscribed on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form; (c) "**Related Writing**" means a Record of any kind that (i) evidences the Subject Debt or pursuant to which any Subject Debt is issued, (ii) evidences any Collateral or any interest therein or Proceeds thereof or which otherwise relates thereto in any manner and includes, without limitation, any warehouse receipt, bill of lading, certificate or affidavit, assignment, endorsement, trust receipt, contract of sale, lease, invoice or check, or (iii) is a financial statement, audit report, opinion, notice, certificate or other Record of any kind that is furnished to Bank by Grantor or by any officer, partner, employee, agent, auditor or counsel of Grantor; and (d) "**UCC**" means the Uniform Commercial Code as currently in effect in the jurisdiction where the chief executive office of Bank is located and as the Uniform Commercial Code may hereafter be amended, adopted and effective in such jurisdiction. All terms used in this Agreement which are defined under the UCC and not otherwise defined herein, including, without limitation, all terms relating to the Collateral, shall have the meaning as set forth in the UCC.

**11. General Provisions.** The provisions of this Agreement shall be binding upon the successors, assigns, heirs and personal representatives of the parties hereto. No single or partial exercise of any right, power or privilege shall preclude any further or other exercise thereof or of any other right, power or privilege, as each such right, power or privilege may be exercised either independently or concurrently with others and as often and in such order as Bank may deem expedient. This Agreement contains the entire security agreement between Grantor and Bank and may be in addition to other security agreements executed by Grantor



in favor of Bank. If any one or more of the provisions hereof should be invalid, illegal or unenforceable in any respect, the finding shall only affect the provisions found to be void and the remaining provisions shall not be impaired. No course of dealing in respect of, nor any omission or delay in the exercise of, any right, power or privilege by Bank under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any further or other exercise thereof or of any other right, power or privilege, as each such right, power or privilege may be exercised either independently or concurrently with others and in such order as Bank may deem expedient. The provisions of this Agreement may be modified, altered or amended only by written agreement signed by Bank and Grantor. Each right, power or privilege is in addition to and not in limitation of any other rights, powers and privileges that Bank may otherwise have or acquire by operation of law (including, without limitation, the right of offset), by other contract or otherwise. This Agreement shall be governed by the law (excluding conflict of laws rules) of the jurisdiction in which Bank's banking office is located.

**12. Defeasance.** Bank's security interest in the Collateral shall remain in effect in accordance with this Agreement until the Subject Debt has been fully satisfied and shall not be affected by the lapse of time or by the fact that there may be a time or times when no Subject Debt is outstanding. If and when Bank's security interest shall have terminated in accordance with the provisions of this Agreement, Grantor agrees to pay to Bank, on demand, an amount equal to all reasonable costs and expenses incurred by Bank in terminating its security interests or in notifying Account Debtors of any such termination.


**13. Jurisdiction and Venue; Waiver of Jury Trial.** Any action, claim, counterclaim, crossclaim, proceeding, or suit arising under or in connection with this Agreement (each an "**Action**") may be brought in any federal or state court located in the city in which Bank's banking office is located. Grantor hereby unconditionally submits to the jurisdiction of any such court with respect to each such Action and hereby waives any objection Grantor may now or hereafter have to the venue of any such Action brought in any such court. GRANTOR HEREBY, AND EACH HOLDER OF THE SUBJECT DEBT OR ANY PART THEREOF, KNOWINGLY AND VOLUNTARILY WAIVES JURY TRIAL IN RESPECT OF ANY ACTION, CLAIM, COUNTERCLAIM, CROSSCLAIM, PROCEEDING OR SUIT, WHETHER AT LAW OR IN EQUITY, WHETHER SOUNDING IN TORT, CONTRACT, OR OTHERWISE AT ANY TIME ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER RELATED WRITING, THE ADMINISTRATION, ENFORCEMENT, OR NEGOTIATION OF THIS AGREEMENT OR ANY OTHER RELATED WRITING, OR THE PERFORMANCE OF ANY OBLIGATION IN RESPECT OF THIS AGREEMENT OR ANY OTHER RELATED WRITING.


This Agreement is executed as of the date first written above, with the intent to be legally bound hereby.

Grantor:

WITNESS / ATTEST:

**Allegheny Valley Railroad Company.**

By:   
Name: *William Roderick*  
Title: *Senior Vice President*

By:   
Printed Name: Russell A. Peterson  
Title: President

## SCHEDULE A

### ADDITIONAL COLLATERAL LOCATIONS (subsection 2(b))

<u>Street Address</u>	<u>County or Parish</u>	<u>State</u>
25 S. Broadway, Scottdale, Pennsylvania 15683	Westmoreland	Pennsylvania
760 Allegheny River Boulevard, Verona, Pennsylvania 15147	Allegheny	Pennsylvania
Vespucius Street, Hazelwood, Pennsylvania 15207	Allegheny	Pennsylvania
4200 Sullivant Street, Columbus, Ohio 43216	Franklin	Ohio

## EXHIBIT A

*Debtor:*

Allegheny Valley Railroad Company  
P.O. Box 127  
760 Allegheny River Boulevard  
Verona, Pennsylvania 15147

*Secured Party:*

National City Bank  
20 Stanwix Street  
Pittsburgh, Pennsylvania 15222  
Attn: Loan Operations

The security agreement (the "**Security Agreement**") to which this Exhibit A is attached and of which it is made a part covers all of the following property, whether now owned or hereafter acquired (collectively, the "**Collateral**"): those certain locomotives set forth below, whether any of the foregoing is owned now or acquired later; all accessions, additions, replacements, and substitutions relating to any of the foregoing; all books and records of any kind relating to any of the foregoing; all proceeds relating to any of the foregoing (including insurance, general intangibles, and other accounts proceeds), and for all of the foregoing Collateral, all Software, attachments, accessories, replacements, additions and substitutions therefor, whether now or hereafter installed therein or affixed thereto:

1. Locomotive, EMD Model No. SW-1500, Serial No. CCRA 1501

## ACKNOWLEDGMENT

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF ALLEGHENY

SS:

On this, the 4<sup>th</sup> day of JANUARY, 2007, before me, a Notary Public, the undersigned officer, personally appeared Russell A. Peterson, who acknowledged himself/herself to be the President of Allegheny Valley Railroad Company, a Pennsylvania corporation (the "Company"), and that he/she as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing his/her name on behalf of the Company.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Shane D. Schlichter  
Notary Public

My Commission Expires:

**COMMONWEALTH OF PENNSYLVANIA**  
**Notarial Seal**  
**Shane D. Schichter, Notary Public**  
**City Of Pittsburgh, Allegheny County**  
**My Commission Expires Oct. 31, 2010**

**Member, Pennsylvania Association of Notaries**